

MASON COUNTY, WASHINGTON
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. The County Public Works Department Should Improve Controls Over Inventories

During our audit of the public works department we noted the following internal accounting control weaknesses in the inventories of fuels and parts:

- a. Internal controls over the fuel inventories were inadequate to establish accountability.
 - (1) Gas and diesel fuel could be pumped using either a vehicle key or a bulk fuel key. Numerous employees in the public works department had access to the bulk fuel key and the vehicle keys. There was no method to assign responsibility for fuel usage to the employee who pumped the fuel or to determine when the fuel was pumped.
 - (2) There was no comparison of vehicle fuel usage to mileage for any of the county vehicles. Without such a periodic review of fuel mileage, errors or irregularities related to fuel usage could occur without detection in a timely manner.
 - (3) There were significant unexplained variances between the fuel inventories calculated by adding fuel purchases and subtracting fuel usage to the actual fuel inventories measured by periodic dipstick readings.
 - (4) There were significant unresolved differences between the fuel usage based on the pump meters and the usage based on the individual vehicle meters.
- b. There was no accountability for the propane gas inventory. The propane storage tank was not fitted with a meter to measure usage.
- c. There were no count sheets available documenting the physical inventory of parts conducted at year end. In addition, there were no adjustments documented between the physical count and the inventory system.
- d. There were significant unexplained shortages between the book amounts and the physical inventory amounts of oils and antifreeze at year end.

Without adequate accounting controls, the fuel and parts inventories are not properly safeguarded against loss or theft.

We recommend that the county implement the necessary improvements in the controls over these inventories and at a minimum:

- a. Establish proper accountability over fuel by measuring usage by individual employees and vehicles.
- b. Establish accountability over propane by metering the usage.
- c. Retain all inventory count sheets and adjustments. Also, these count sheets should be signed and dated by the employees performing the count. Any adjustments to the inventory report made as a result of the physical count should be logged or journalized for future reference by management and auditors.
- d. Management review of all significant shortages between the book inventories and the physical count of inventory. Management should also determine the reasons for any such shortages.